

**DEPARTMENT OF STATE REVENUE**  
**LETTER OF FINDINGS NUMBER: 03-0271 IRP & IFTA**  
**International Registration Plan (IRP)**  
**International Fuel Tax Agreement (IFTA)**  
**For Years 1996, 1997, AND 1998**

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**ISSUES**

**I.     IRP – Assessment**

**Authority:** 1999 IRP Information Handbook; IRP 232

Registrant protests auditor's classification of his records as "Inadequate," and the resulting assessments.

**II.    IFTA – Assessment**

**Authority:** IFTA.VII.R700; IFTA A550

The taxpayer protested the department's rejection of new fuel tax records prepared and submitted by taxpayer after an IFTA audit assessment was made based on taxpayer's original information available.

**STATEMENT OF FACTS**

The Registrant/taxpayer owned and operated three road tractors during the audit period. Two of the road tractors were leased throughout the audit period and one was not leased. The registrant/taxpayer used the non-leased road tractor to perform transportation services for an Indiana oil company. The auditor determined that registrant/taxpayer's records for the audit were "non-existent" and deemed taxpayer/registrant's record keeping as inadequate for apportionment of mileage between the jurisdictions and to establish fuel tax liabilities. The auditor made both IRP and IFTA assessments. Registrant/taxpayer is protesting these adjustments and has provided documentation related to all three vehicles in the form of summaries of mileage and fuel used by them.

**I.     IRP – Assessment**

### **DISCUSSION**

For the IRP audit, registrant presented no mileage records relevant to the audit period and the auditor consequently found registrant's records inadequate and made appropriate assessments. These assessments were made both on fleet 1, the two leased vehicles, and fleet 2, the unleased vehicle. The assessments were based upon monthly statements prepared by the company who leased the vehicles (fleet 1) and based on the number of trips made to each known location which were identified from records supplied by the customer of registrant (fleet 2).

The 1999 IRP Information Handbook addresses this issue at IRP 232, which states:

“Operational Records” means documents supporting miles traveled in each jurisdiction and total miles traveled such as fuel reports, trip sheets and logs.

The reference on record keeping requirements is amplified on page 21, which states in relevant part:

Your operational records must be documents that support the miles traveled in each jurisdiction, and the total miles traveled.

Registrant protested the auditor's report that the registrant's recordkeeping was insufficient and the auditor's consequent assessment for IRP fees.

The additional documentation submitted by the registrant pursuant to this protest does not overcome this finding. The records submitted provide summaries that differ from the audit's conclusions, but they are simply summaries without required supporting documentation- such as fuel reports, trip sheets and logs- to sustain a reversal or revision of the audit's assessment.

### **FINDINGS**

Registrant protest denied.

## **II. IFTA – Assessment**

### **DISCUSSION**

The department, pursuant to an IFTA audit, requested taxpayer records pursuant to IFTA Article VII, R700 requirements. After the assessment, taxpayer submitted a protest to the audit findings and assessment and provided additional documentation for review. For IFTA reporting purposes, the taxpayer was not responsible for the two leased vehicles (per the lease agreement). He was responsible for reporting the non-leased vehicle. The taxpayer failed to present any records to substantiate the reported information for the non-leased vehicle. The audit assessment relied on the records supplied by the customer of the taxpayer.

Taxpayer argues that by its calculations the fuel consumption used in the audit determination was incorrect. IFTA article A550 requires that in the absence of adequate records, a standard 4.00

MPG rate can be used to compute total fuel consumption. The auditor chose to use an average MPG of the leased vehicles (which had sufficient documentation to establish their MPG) to apply to the third vehicle, for which no records were available. This resulted in a MPG better for the taxpayer than the 4 MPG required by A550, yet taxpayer insisted that based on differences in the types of vehicles and loads carried by the third vehicle, its mileage should have been rated even better. Department would note that sufficient documentation would resolve this issue, and absent this the audit determination stands.

Taxpayer has presented summary documents to establish a lower assessment. Taxpayer does not cite any IFTA provisions to support the claim that summary documents can substitute for required source documentation. Taxpayer's arguments and evidence fail to provide proof that the assessment was either erroneous or excessive.

### **FINDINGS**

Taxpayer protest denied.

JM/MR 032309